Family and Human Services

ANNUAL REPORT

2014-2015

Prince Edward Island
CANADA

Prince Edward Island
Housing Corporation

Message from the Minister

The Honourable H. Frank Lewis
Lieutenant Governor of Prince Edward Island

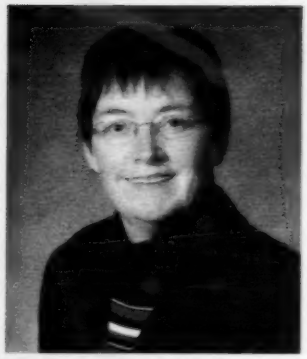
May It Please Your Honour:

It is my privilege to present the Annual Report of the Prince Edward Island Housing Corporation for the fiscal year ended March 31, 2015.

Respectfully Submitted,

Tina Mundy
Minister Responsible for the
Prince Edward Island Housing Corporation

Message from the Chief Executive Officer



Minister Responsible for the
Prince Edward Island Housing Corporation

Minister:

I am pleased to submit the Annual Report of the Prince Edward Island Housing Corporation for the fiscal year ending March 31, 2015.

Respectfully submitted,

Teresa Hennebery

Teresa Hennebery
Chief Executive Officer
Prince Edward Island Housing Corporation

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Overview

The Prince Edward Island Housing Corporation (PEIHC) derives its authority from the *Housing Corporation Act of 1993.* The PEIHC provides Islanders of low and moderate incomes with access to safe, affordable and adequate housing.

Numerous studies have shown a direct relationship between the health and well-being of a population and the availability of safe, affordable housing. Since the 1960's, through PEIHC, the Government of Prince Edward Island has worked to maintain adequate housing for low and moderate income people. It is clear, however, that housing needs are changing. PEIHC endeavours to respond to these changes with the creation of new units and the modernization of existing units.

PEIHC shares its responsibility in the provision of housing programs with the Department of Family and Human Services and local family housing authorities. PEIHC is responsible for the control of assets, liabilities and revenues. The Department of Family and Human Services is responsible for the management of family housing through the local family housing authorities; direct management of seniors housing; and liaison with the Government of Canada about housing issues, overseeing the administration of federal-provincial agreements, and the delivery of most housing programs, including the Canada-PEI Affordable Housing Agreement.

PEIHC works with many partners most notably the Canada Mortgage and Housing Corporation (CMHC), representing the Government of Canada. CMHC cost-shares provincial programs involving approximately 1,700 units and directly administers other federally funded social housing units.

Federal/Provincial cost shared Social Housing Agreements support the rental housing needs of seniors, families and other individuals in need of housing. As these agreements expire, PEIHC will be challenged to maintain adequate funding to support and improve housing properties.

PEIHC manages and delivers the Canada-PEI Affordable Housing Agreement, signed in 2003. The purpose of this agreement is to assist in the development of affordable housing units across the Province. Through the initial and subsequent agreements, a total of $7.64 million has been invested until March 31, 2014. The most recent agreement renewal is for five years commencing April 1, 2014 and expiring March 31, 2019; it provides a total of $7.4 million.

Other partners of PEIHC include the many community members who serve on the Boards for the family housing authorities. Seniors and other client groups, municipal representatives, non-profit organizations, private sector developers, the construction industry and tenants play important partnership roles in bringing affordable housing to Islanders.

Aperçu

Les pouvoirs que détient la Société de logement de l'Île-du-Prince-Édouard lui sont conférés en vertu de la Housing Corporation Act (1993). La Société de logement offre aux Insulaires à revenu faible ou moyen l'accès à des logements sécuritaires, abordables et adéquats.

De nombreuses études ont révélé qu'il existe un lien direct entre la santé et le bien-être d'une population et la disponibilité de logements sécuritaires à prix abordables. Depuis les années 1960, par l'entremise de la Société de logement, le gouvernement de l'Île-du-Prince-Édouard tâche de s'assurer que des logements convenables sont mis à la disposition des Insulaires à revenu faible ou moyen. Cependant, il est évident que ces derniers éprouvent des besoins changeants et la Société de logement tente de répondre à ceux-ci par la création de nouvelles unités et la remise en état des logements existants.

La Société de logement partage la responsabilité d'assurer des programmes de logement avec le ministère des Services à la famille et à la personne et les conseils locaux de logements familiaux. La Société est responsable de la gestion des éléments d'actifs et de passifs ainsi que des revenus. Le ministère des Services à la famille et à la personne est responsable de la gestion des logements familiaux par l'entremise des conseils de logements familiaux locaux et de la gestion directe de logements pour les aînés; il entretient des relations avec le gouvernement fédéral sur les questions liées au logement et voit à la gestion des ententes conclues avec le gouvernement fédéral et à la prestation de la majorité des programmes de logement, y compris l'Entente Canada/ Île-du-Prince-Édouard concernant le logement abordable.

La Société collabore avec de nombreux partenaires, surtout la Société canadienne d'hypothèques et de logement (SCHL), représentant le gouvernement fédéral. La SCHL partage les coûts de programmes provinciaux visant environ 1 700 unités et, en outre, elle gère directement d'autres unités de logement sociales financées par le gouvernement fédéral.

Les ententes fédérales-provinciales à coûts partagés sur le logement social appuient les besoins des aînés, des familles et des Insulaires en matière de logements locatifs. À l'arrivée à terme de ces ententes, la Société devra trouver le financement nécessaire pour assurer l'appui et l'amélioration de ces installations.

La Société de logement gère l'Entente Canada/Île-du-Prince-Édouard concernant le logement abordable conclue en 2003 et voit à son application. Le but de cette entente est de financer l'établissement d'unités de logement abordables dans la province. Grâce à l'entente initiale et à celles qui ont suivi, un total de 7,64 millions de dollars a été investi jusqu'au 31 mars 2014. Le plus récent renouvellement est pour une période de cinq ans, se terminant le 31 mars 2019 et fournira un total de 7,4 millions de dollars.

Parmi les autres partenaires de la Société de logement, on compte un grand nombre de membres de la collectivité qui siègent aux conseils de logements familiaux. En ce qui concerne le logement abordable pour les Insulaires, la collaboration est primordiale entre les aînés et les autres groupes bénéficiaires, les représentants municipaux, les organismes sans but lucratif, les promoteurs du secteur privé, l'industrie de la construction et les locataires.

Year In Review

In May 2012, the Government of Prince Edward Island released the *Social Action Plan to Reduce Poverty*. The plan committed funding from the Canada-PEI Affordable Housing Agreement to increase the number of rent supplements over the next three years by 60 to allow more low income families to access affordable housing units. In 2014-2015, 20 new rent supplements were created in Charlottetown and Summerside to reach the Plan's goal.

The Social Action Plan also committed to contributing $50,000 in each year of the Plan to support the building of affordable homes through Habitat for Humanity Prince Edward Island. This goal has been achieved with $150,000 being provided to Habitat for Humanity including $50,000 in 2014-2015.

Demand for Seniors Housing and Family Housing remains strong across the Province, particularly in urban areas.

In addition to operational funding, capital funding of $750,000 is invested each year to continue to modernize and to improve aging housing stock. It is anticipated this investment will be continued to be required for the foreseeable future to meet significant demands.

PEIHC continues to seek further dialogue with the Government of Canada for long term sustainable funding for social housing needs.

In 2013-2014, the PEI Home Renovation Programs (PEIHRP) were created with federal funding provided through the Investments in Affordable Housing Agreement. The PEIHRP provides assistance to low-income individuals, families and persons living with a disability or special need to complete specified home renovations. 2014-2015 was the first full year of operations for PEIHRP. In 2014-2015, significant interest in the PEIHRP from the public occurred with many applications being received.

Bilan de l'année

En mai 2012, le gouvernement de l'Île-du-Prince-Édouard a publié son Plan d'action sociale pour réduire la pauvreté. Selon ce plan, il y avait du financement dans le cadre de l'Entente Canada/Île-du-Prince-Édouard concernant le logement abordable afin d'augmenter de 60 le nombre de suppléments au loyer au cours des trois prochaines années, permettant à plus de familles à faible revenu d'obtenir un logement à prix abordable. En 2014-2015, il y a eu 20 nouveaux suppléments au loyer à Charlottetown et à Summerside, permettant d'atteindre l'objectif du plan.

Grâce au Plan d'action social, il y a eu une contribution de 50 000 $ pour chaque année du plan afin d'appuyer la construction de logements abordables par l'entremise de l'organisme Habitat pour l'humanité de l'Île-du-Prince-Édouard. L'objectif a été atteint, une somme de 150 000 $ ayant été versée à l'organisme Habitat pour l'humanité, y compris 50 000 $ en 2014-2015.

La demande de logements pour les aînés et pour les familles demeure élevée dans la province, surtout dans les régions urbaines.

Outre le financement des opérations, 750 000 $ en fonds d'immobilisation est investi chaque année afin de permettre la remise en état et l'amélioration du stock de logements vieillissants. Dans un avenir prévisible, on estime que des sommes supplémentaires seront investies vu le nombre considérable de demandes.

La Société de logement désire poursuivre des pourparlers avec le gouvernement du Canada afin d'obtenir du financement durable à long terme en vue de répondre aux besoins en matière de logements sociaux.

En 2013-2014, les Programmes de rénovation de logements de l'Î.-P.-É. ont été créés grâce à du financement fédéral offert par l'entremise de l'initiative Investissement dans le logement abordable. Le Programme de rénovation de logements de l'Î.-P.-É. permet d'aider les particuliers, les familles ainsi que les personnes handicapées ou à besoins spéciaux à faible revenu et admissibles à terminer des travaux de rénovation domiciliaires précis. Le Programme de rénovation de logements de l'Î.-P.-É. a connu sa première année de fonctionnement complète en 2014-2015, au cours de laquelle il y eut un intérêt marqué de la part du public. De nombreuses demandes de financement ont été reçues.

Programs

I. Seniors Housing

Provincially Owned Buildings
Located in communities across the province, Seniors Housing provides apartment style, self-contained rental units to low and moderate income seniors who are unable to meet their housing needs independently. Rent for seniors housing is 25 percent of the seniors' income.

The proportion of seniors in the population is expected to increase dramatically over the next 20 years. Statistical studies show this population increase will translate into increased demand for subsidized seniors housing.

Rent Supplements for Seniors
Rent supplement units are built and owned by the private sector. Rent for these units is 25 percent of the senior's income.

One hundred and four (104) rent supplements are available to seniors at specific housing locations in Charlottetown, Summerside and O'Leary.

Garden Suites
Garden suites are one bedroom units placed on the property of a host family. When no longer required by the senior, suites are moved to another site. Rent is 25 percent of the senior's income.

PEIHC currently has four garden suites.

II. Family Housing

Provincially Owned Buildings
This program provides subsidized housing to low and moderate income families who are unable to obtain adequate and affordable accommodation in the private marketplace. The units, with rents based on 25 percent of income, are situated in communities across the province. Of increasing concern is the consistently high number of families waiting for units in comparison to the number of units available and the low turnover rates in the Charlottetown and Summerside areas.

Rent Supplement for Families
This program utilizes private market housing to provide accommodations for families selected from the family housing waiting lists. Rents are made affordable for the families via rent subsidies. There are 78 rent subsidies provided in Charlottetown and in Summerside.

Rent supplement units are built and owned by the private sector. Rent for these units is 25 percent of a family's income.

Rural and Native Housing
This program provides rent-to-income housing for low and moderate income families. There are seven units across the province.

Rural Community Housing
PEIHC has nine affordable rental housing units across the province.

III. Renovation Programs

PEI Home Renovation Programs (PEIHRP)
These programs provide funding for major renovations and emergency repairs for low-income homeowners to bring their property up to minimum health and safety standards.

Eligible property owners receive a loan which is fully forgivable provided they meet program criteria including remaining in the home for five years after the renovations have been made. Programs include:

- Home Renovation Program - Provides assistance to low income homeowners to bring their property up to minimum health and safety standards.

- Persons with Disabilities Home Renovation Program - Provides assistance to households occupied by persons with disabilities who require special modifications to improve accessibility to their residence.

- Emergency Home Repair Program - Provides assistance to homeowners in rural and remote areas to undertake emergency repairs required for the continued safe occupancy of their residence.

- Emergency Shelter - Provides assistance to organizations that provide ongoing shelter to victims of family violence.

IV. Affordable Housing Program

Through partnership with the Government of Canada, funding received through the Affordable Housing Agreement and its various extensions, the Affordable Housing Trust and Canada's Economic Action Plan have been invested in the Affordable Housing Program. The program improves access to affordable, sound, suitable and sustainable housing.

Program Activity
Seniors Housing Program

Program Performance Results:

CURRENT MEASURE	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Number of Units	1,140	1,096	1,113	1,113	1,113
Number of Garden Suites	5	5	5	5	4
New Rent Supplements	0	80	24	0	0
Number of Rent Supplements	0	80	104	104	104
Placements	157	178	198	181	170
New Applications	298	566	484	380	396
Wait List	483	638	725	801	895
Turnover Rates	13.6%	21.3%	17.7%	16.1%	15.2%

Seniors Housing Units			
Queens County		**Prince County**	
Charlottetown	428	Alberton	16
Cornwall	14	O'Leary	24
Crapaud	9	St. Louis	4
Hunter River	14	Tignish	14
Mt. Stewart	6	Abrams Village	5
North Rustico	6	Bedeque	6
South Rustico	4	Borden	22
Total	**481**	Kensington	50
Kings County		Kinkora	5
Cardigan	3	Miscouche	17
Eldon	6	Mont Carmel	6
Georgetown	16	Summerside	186
Montague	91	Tyne Valley	11
Murray Harbour	6	Wellington	16
Murray River	6	Wilmot	6
Morell	12	**Total**	**388**
Rollo Bay	14		
Souris	81		
St. Peters	9		
Total	**244**		

Total Seniors Units	**1,113**
Garden Suites	**4**
Total Seniors	**1,117**

Family Housing Program

Program Performance Results:

CURRENT MEASURES	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Units	463	463	463	463	463
New Rent Supplements	0	0	20	20	20
Rent Supplements Available	18	18	38	58	78
Placements	79	90	90	78	70
New Applications	262	348	380	295	286
Wait List	406	316	383	308	290
Turnover Rates	17.1%	19.4%	19.5%	16.9%	15.2%

Family Housing Boards and Number of Units Administered			
Alberton	22	O'Leary	23
Charlottetown Area	168	Souris	36
Georgetown	27	Summerside	99
Montague	62	Tignish	16
Mt. Stewart	6	**Total**	**459**

*** Four units located in Crapaud are administered by staff of Family and Human Services. Total Family Housing – 463 units**

Renovation Programs

PEI Home Renovation Programs			
		2013-2014	2014-2015
Budget	Home Renovation	800,000	751,500
	Persons with Disability	180,000	180,000
	Emergency	180,000	180,000
	Total Budget	**1,160,000**	**1,115,000**
Applications	**Applications Budgeted**	**75**	**75**
	Kings County	11	11
	Prince County	25	25
	Queens County	39	39
	Applications Received	**412**	**639**
	Applications Processed	**70**	**115**
	Kings County	10	25
	Prince County	19	39
	Queens County	41	51
	Individuals Supported	**114**	**195**
Clients	Average Household Income	$27,000	$ 27,700
	Average Loan	$15,100	$ 10,900
	Total $ Spent for Loans	$1,057,700	$1,251,600

Emergency Shelter Enhancement		
	2013-2014	2014-2015
Available Funding	$20,000	$20,000
Funding Committed	$20,000	$20,000
Note: Organizations have up to five years to spend available funding allowing them to better plan renovation needs and projects.		

Affordable Housing Program					
Current Measure	**2010-2011**	**2011-2012**	**2012-2013**	**2013-2014**	**2014-2015**
Number of Units Created	79	28	18	2	2
Number of Units Available	231	259	277	279	252
Type of Unit Available					
Seniors	54	62	62	62	46
Family	65	71	71	71	71
Persons with Disabilities	102	114	130	130	117
Homeowner	10	12	14	16	18

FINANCIAL STATEMENTS

PRINCE EDWARD ISLAND HOUSING CORPORATION

Financial Statements
March 31, 2015

Management's Report

Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is responsible for the notes to the financial statements and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is responsible for implementing and maintaining a system of internal control to provide reasonable assurance that reliable financial information is produced.

The Minister of Family and Human Services is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Minister reviews internal financial reports on a regular basis and externally audited financial statements annually.

The Auditor General conducts an independent examination, in accordance with Canadian generally accepted auditing standards and expresses her opinion on the financial statements. The Auditor General has full and free access to financial information and management of the Prince Edward Island Housing Corporation to meet when required.

On behalf of the Prince Edward Island Housing Corporation

Sonya L. Cobb, CPA, CA
Acting Director of Housing Services

Deanna Estabrooks, CPA, CMA
Acting Manager, Financial Services and Audit

June 29, 2015

Prince Edward Island
Office of the
Auditor General
PO Box 2000, Charlottetown PE
Canada C1A 7N8

Île-du-Prince-Édouard
Bureau du
vérificateur général
C.P. 2000, Charlottetown PE
Canada C1A 7N8

INDEPENDENT AUDITOR'S REPORT

To the Minister of the
Department of Family and Human Services
Province of Prince Edward Island

I have audited the financial statements of the **Prince Edward Island Housing Corporation**, which comprise the statement of financial position as at March 31, 2015, and the statement of operations and accumulated surplus, changes in net debt, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2015, and the results of its operations, changes in net debt, and cash flow for the year then ended in accordance with Canadian public sector accounting standards.

B. Jane MacAdam

B. Jane MacAdam, CPA, CA
Auditor General

Charlottetown, Prince Ewdard Island
June 29, 2015

PRINCE EDWARD ISLAND
HOUSING CORPORATION
Statement of Financial Position
March 31, 2015

	2015	2014
	$	$
Financial Assets		
Cash	421,200	5,712,000
Accounts receivable (Note 3)	3,511,100	3,860,500
Loans receivable	6,700	4,700
	3,939,000	9,577,200
Liabilities		
Accounts payable and accrued liabilities (Note 4)	5,706,100	10,185,100
Long-term debt (Note 5)	15,098,700	17,273,800
	20,804,800	27,458,900
Net Debt	(16,865,800)	(17,881,700)
Non Financial Assets		
Tangible capital assets (Note 6)	24,450,300	25,701,000
Property holdings	234,900	234,900
	24,685,200	25,935,900
Accumulated Surplus	7,819,400	8,054,200

(The accompanying notes are an integral part of these financial statements.)

Approved on behalf of the Prince Edward Island Housing Corporation

Doug Currie

Minister, Department of Family and Human Services

PRINCE EDWARD ISLAND HOUSING CORPORATION

Statement of Operations and Accumulated Surplus
for the year ended March 31, 2015

	2015 Budget	2015	2014
	$	$	$
Revenues			
Rental income	5,670,000	5,568,200	5,408,100
Grants			
Province of Prince Edward Island (Note 7)			
- Operations	2,414,200	2,371,300	1,674,800
- Capital	750,000	626,400	513,400
Canada Mortgage and Housing Corporation			
- Operations (Note 8)	3,127,000	3,447,300	3,377,000
- Affordable Housing (Note 11)	1,490,000	1,118,000	332,900
Other income	20,000	17,200	45,600
Gain on disposal of assets	-	19,100	249,700
	13,471,200	13,167,500	11,601,500
Expenses			
Administration	141,600	152,200	144,000
Equipment	8,000	5,200	11,800
Grants (Note 9)	2,589,500	2,350,400	1,262,100
Operating costs (Note 10)	6,996,500	7,176,900	6,689,300
Property taxes	1,078,300	1,102,300	1,101,300
Travel and training	112,200	98,600	79,800
	10,926,100	10,885,600	9,288,300
Amortization of tangible capital assets	2,123,100	2,050,400	2,000,200
Interest charges on debt	422,000	466,300	597,300
	13,471,200	13,402,300	11,885,800
Annual Deficit	-	(234,800)	(284,300)
Accumulated Surplus, beginning of year	8,054,200	8,054,200	8,338,500
Accumulated Surplus, end of year	8,054,200	7,819,400	8,054,200

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND
HOUSING CORPORATION
Statement of Changes in Net Debt
for the year ended March 31, 2015

	2015 Budget	2015	2014
	$	$	$
Net Debt, beginning of year	(17,881,700)	(17,881,700)	(19,205,700)
Changes in year:			
Annual deficit	-	(234,800)	(284,300)
Acquisition of tangible capital assets	(750,000)	(799,700)	(513,400)
Amortization of tangible capital assets	2,123,100	2,050,400	2,000,200
Net book value of tangible capital asset disposals	-	-	121,500
Change in Net Debt	1,373,100	1,015,900	1,324,000
Net Debt, end of year	(16,508,600)	(16,865,800)	(17,881,700)

(The accompanying notes are an integral part of these financial statements.)

PRINCE EDWARD ISLAND
HOUSING CORPORATION
Statement of Cash Flow
for the year ended March 31, 2015

	2015	2014
	$	$
Operating Activities		
Annual deficit	(234,800)	(284,300)
Amortization of tangible capital assets	2,050,400	2,000,200
Gain on disposal of assets	(19,100)	(249,700)
Changes in:		
Accounts receivable	349,400	(516,600)
Loans receivable	(2,000)	(900)
Accounts payable and accrued liabilities	(4,479,000)	5,205,600
Assets held for sale	-	7,800
Cash (used) provided by operating activities	(2,335,100)	6,162,100
Capital Activities		
Proceeds on sale of tangible capital assets	19,100	371,200
Acquisition of tangible capital assets	(799,700)	(513,400)
Cash used by capital activities	(780,600)	(142,200)
Financing Activities		
Long-term debt repayment	(2,175,100)	(1,781,900)
Cash used by financing activities	(2,175,100)	(1,781,900)
Change in cash	(5,290,800)	4,238,000
Cash, beginning of year	5,712,000	1,474,000
Cash, end of year	421,200	5,712,000

(The accompanying notes are an integral part of these financial statements.)

1. Nature of Operations

The Prince Edward Island Housing Corporation (the Corporation) operates under the authority of the *Housing Corporation Act* of Prince Edward Island. The Corporation's general objectives are to establish housing projects, construct, acquire, or renovate housing accommodations for sale or rent, and promote measures which will contribute to the availability of adequate and improved housing for low income families and individuals, elderly persons, or other groups that require assistance. The Corporation also works towards improving the quality of housing and amenities related to housing.

The Minister, having overall responsibility for the administration of the *Act*, has designated a senior public officer to supervise the administration and management of the Corporation and perform such duties as the Minister may assign. The Corporation's operations are staffed by the Department of Family and Human Services and the Department of Finance.

The Corporation is a non-taxable entity under the provisions of the federal *Income Tax Act.*

2. Summary of Significant Accounting Policies

a) Basis of Accounting

These financial statements are prepared in accordance with Canadian public sector accounting standards. The Prince Edward Island Housing Corporation complies with the recommendations of the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA) wherever applicable. PSAB standards are supplemented, where appropriate, by other accounting pronouncements.

Since the Corporation has no unrealized remeasurement gains or losses attributed to foreign exchange, derivates, portfolio investments, or other financial instruments, a statement of remeasurement gains and losses is not prepared.

For the year ended March 31, 2015, the Corporation adopted the new Public Sector Accounting Standard PS3260 "Liability for Contaminated Sites," which establishes standards on accounting for and reporting liabilities associated with the remediation of contaminated sites. The adoption of the new PS3260 standard has not resulted in any changes to the measurement and recognition of liabilities in the Corporation's financial statements. The responsibility for remediation of contamination, if any, is the responsibility of the Province of Prince Edward Island's (the Province) Department of Transportation Infrastructure and Energy.

b) Financial Assets

Financial assets are those assets on hand at the end of an accounting period which could provide resources to discharge existing liabilities or finance future operations.

Cash represents cash position including bank balances.

Accounts receivable are recorded at cost less any specific provision when collection is in doubt.

2. Summary of Significant Accounting Policies (continued...)

b) Financial Assets (continued...)

Loans receivable are recorded at cost less adjustments for impairment in value and concessionary terms. Where concessionary terms apply, loans are reported at their net present value. Loans usually bear interest at approximate market rates and normally have fixed repayment terms. A provision for loss is established for doubtful accounts. Interest revenue is recognized on an accrual basis until such time that the collectability of either principal or interest is not reasonably assured.

c) Liabilities

Payables and accruals are recorded for all amounts due for work performed, goods or services received, and other charges incurred in the fiscal year.

Long-term debt is recorded at cost, which approximates market value.

d) Net Debt

The net debt of the Corporation is determined as its liabilities less its financial assets.

e) Non Financial Assets

Non financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities. They are normally employed to deliver government services and may be consumed in the normal course of operations.

Tangible capital assets are recorded at historical cost, or estimated cost where historical cost information is not available, subject to established thresholds. Interest, if any, on capital projects is expensed as incurred.

The cost of the tangible capital asset, excluding land, is amortized monthly on a straight-line basis over their estimated useful lives as follows:

Buildings	40 yrs
Renovations	10 yrs
Equipment	5 -15 yrs

Amortization is pro-rated on a monthly basis starting with the date the asset is placed in service. Amortization ends when the total amortization of the asset equals the cost or on the date of disposal, whichever comes first. No amortization is recorded if an asset is taken out of service and disposed.

Property holdings consist of land held for development and leased properties and are recorded at the lower of cost or net realizable value.

Inventories of supplies are expensed when purchased.

2. Summary of Significant Accounting Policies (continued...)

f) Revenues

Revenues are recorded on an accrual basis in the period in which the transaction or event that gave rise to the revenue occurred. When accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable, revenues are recorded as received.

Transfers (revenues from non-exchange transactions) are recognized as revenue when the transfer is authorized, any eligibility criteria are met, and a reasonable estimate of the amount can be made.

Federal contributions provided by the Canada Mortgage and Housing Corporation (CMHC) are restricted in accordance with the provisions of the Affordable Housing Program Agreements. Accordingly, federal contributions are recognized as revenue when the related expenses are incurred.

g) Expenses

Expenses are recorded on an accrual basis in the period in which the transaction or event that gave rise to the expense occurred.

Grants are recognized as an expense when an application for assistance has been approved and performance requirements have been met. Conditional grants are provided to homeowners, developers, landlords, co-operatives, and non-profit housing sponsors.

h) Financial Instruments

Financial instruments consists of cash, accounts receivable, loans receivable, accounts payable, accrued liabilities, and long-term debt. All financial instruments, are recorded at cost or amortized cost, which approximates their fair value. The Corporation is exposed to market, credit, and liquidity risk in relation to their financial instruments as disclosed in Note 12.

i) Use of Estimates and Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Items requiring the use of significant estimates include the carrying amount and amortization of investments in properties and underlying assessments of service potential, useful life of tangible capital assets, the valuation of land held for future development, the carrying amount of loans receivable, and the underlying estimates of the provision for loan impairment and doubtful accounts.

2. Summary of Significant Accounting Policies (continued...)

i) Use of Estimates and Measurement Uncertainty (continued...)

Estimates are based on the best available information at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates and the differences could be material.

3. Accounts Receivable

	2015 $	2014 $
CMHC	3,024,400	3,619,700
General	502,200	249,900
	3,526,600	3,869,600
Less: provision for doubtful accounts	15,500	9,100
	3,511,100	3,860,500

	2015 $	2014 $
Current	656,700	912,700
61-90 days	149,500	1,500
90-120 days	32,400	35,700
Greater than 120 days	2,688,000	2,919,700
	3,526,600	3,869,600

4. Accounts Payable and Accrued Liabilities

	2015 $	2014 $
Accrued interest	59,500	106,900
Province of Prince Edward Island	4,800,400	9,282,300
General	726,500	652,700
Deferred Revenue	119,700	143,200
	5,706,100	10,185,100

5. Long-term Debt

Long-term debt is comprised of the following:

	2015 $	2014 $
Mortgages and debentures payable to Canada Mortgage Housing Corporation with maturity dates ranging from 2016 to 2029, with interest rates ranging from 1.12 percent to 7.88 percent and are secured by properties.		
Mortgages payable	12,639,100	14,188,400
Debentures payable	2,459,600	2,631,000
Debenture payable to the Province of Prince Edward Island, at an interest rate of 8.86% and secured by properties, matured in 2015.	-	454,400
	15,098,700	17,273,800

Principal Repayments

Anticipated annual principal repayments over each of the next five years and thereafter are as follows:

Fiscal Year	Amount $
2016	1,772,100
2017	3,668,300
2018	1,468,900
2019	6,205,300
2020	454,000
Thereafter	1,530,100
	15,098,700

Interest expense for the year on outstanding mortgages was $310,100 (2014 - $392,600) and outstanding debentures was $156,200 (2014 - $204,700).

6. Tangible Capital Assets

	Land $	Buildings $	Renovations $	Equipment $	2015 Total $	2014 Total $
Cost, beginning of the year	2,517,900	54,964,900	7,476,300	25,300	64,984,400	65,809,800
Additions	-	173,300	626,400	-	799,700	513,400
Disposals / write-downs	-	(743,200)	-	-	(743,200)	(1,338,800)
Cost, end of year	2,517,900	54,395,000	8,102,700	25,300	65,040,900	64,984,400
Accumulated amortization, beginning of year	-	36,152,900	3,120,500	10,000	39,283,400	38,500,500
Amortization	-	1,274,700	772,100	3,600	2,050,400	2,000,200
Disposals / write-downs	-	(743,200)	-	-	(743,200)	(1,217,300)
Accumulated amortization, end of year	-	36,684,400	3,892,600	13,600	40,590,600	39,283,400
Net book value	2,517,900	17,710,600	4,210,100	11,700	24,450,300	25,701,000

Tangible capital assets represent the Corporation's ownership interest in housing projects constructed or acquired pursuant to partnership agreements. The Corporation's cost is net of amounts provided by CMHC in consideration for an ownership interest in the housing projects. Buildings funded through partnership agreements are subject to restrictions to operate for the benefit of individuals, seniors, and families with limited income. CMHC approval is required for changes in asset use or disposal for properties which it shares ownership interest. Disposals related to renovations are only recognized when the related building is removed from service. The unamortized balance is amortized over the remaining useful life of the building.

7. Province of Prince Edward Island

The Province of Prince Edward Island provides annual operating and capital grants to the Corporation. The operating grant is provided to fund the operations of the Corporation. The capital grant is used to fund the purchase of tangible capital assets and is recognized as revenue in the year the capital transfer is authorized and eligibility criteria, if any, are met.

8. Canada Mortgage and Housing Corporation

The Corporation is eligible for subsidy assistance from CMHC. Subsidy assistance is paid by project, based on agreement terms and conditions, and is equal to the difference between eligible annual operating costs and project revenues for designated units. The various agreements expire between 2015 and 2037.

9. Grants

	2015 $	2014 $
Housing renovation program agreement	-	151,900
Family housing boards	1,042,300	1,060,200
PEI Home Renovation Programs	1,308,100	50,000
	2,350,400	1,262,100

10. Operating Costs

	2015 $	2014 $
Materials, supplies, and services	2,355,900	2,059,600
Renovations	145,100	132,900
Rent supplement	1,440,300	1,226,800
Repairs and maintenance	1,257,000	1,227,400
Utilities	1,978,600	2,042,600
	7,176,900	6,689,300

11. Contractual Obligations and Commitments

a) Investment in Affordable Housing 2011-2014 Agreement

In July 2011, the Corporation and CMHC signed Supplementary Agreement No. 4 to enable the Corporation to access funding for the 2011-2014 extension of the Affordable Housing Initiative. This agreement enabled the Corporation to receive $1.5 million for eligible expenditures, $0.5 million for each of the 2011-2012, 2012-2013, and 2013-2014 fiscal years.

In April 2013, the Agreement for Investment in Affordable Housing 2011-2014 was signed. This agreement superseded and replaced all previous Affordable Housing Renovation Program Agreements, including Supplementary Agreement No.4. As a result of the agreement changes, the Agreement for Investment in Affordable Housing 2011-2014 will provide $2.48 million for eligible expenditures as follows: 2011-2012 - $0.5 million, 2012-2013 - $0.5 million, and 2013-2014 - $1.48 million. The agreement expired March 31, 2014. The Corporation has four years from the date of commitment to disburse funding available through the agreement. As of March 31, 2015, $2,017,500 (March 31, 2014 - $909,600) was disbursed.

Funding through the Investment in Affordable Housing Agreement has been provided by CMHC to improve access to affordable, sound, suitable, and sustainable housing in Prince Edward Island. CMHC will make matching contributions to those projects meeting eligibility requirements in accordance with the Agreement.

b) Investment in Affordable Housing 2015-2019 Agreement

In April 2014, the Agreement for Investment in Affordable Housing 2015-2019 was signed. CMHC will provide $1.48 million annually for eligible expenditures over five years. This agreement superseded all previous Affordable Housing Renovation Program Agreements. The Corporation has four years from the date of commitment to disburse funding available through the agreement. At March 31, 2015 $10,100 was disbursed.

Funding through the Investment in Affordable Housing Agreement has been provided by CMHC to improve access to affordable, sound, suitable, and sustainable housing in Prince Edward Island. CMHC will make matching contributions to those projects meeting eligibility requirements in accordance with the Agreement.

c) Unilateral Program

Under the Renovation and Retrofit of Social Housing initiative pursuant to Section 51 of the *National Housing Act,* CMHC made contributions to the Prince Edward Island Housing Corporation in the 2010 and 2011 fiscal years for the purpose of renovating, general improvement, energy efficiency upgrades or conversions, modifications to support persons with disabilities and/or the regeneration of existing social housing projects. Projects totaling $530,000 for renovation and retrofit expenses greater than $25,000 were required to enter into 10 year mortgages with CMHC and provide collateral security. Mortgages are repayable if certain conditions are not satisfied. All conditions have been met as of March 31, 2015.

11. Contractual Obligations and Commitments (continued...)

d) Property Lease Agreements

The Corporation has entered into ten year lease agreements with six property owners to provide 104 affordable housing units through rent supplement arrangements. The leases expire in the fiscal year 2021-2022. These leases are not classified as capital leases as the Corporation has not assumed the majority of the risk associated with the properties. The estimated lease obligations are calculated by using the known rent and assuming a three percent annual rental increase. Under the terms of the agreements, the agreed affordable rent can only be adjusted upward to reflect any increase that is permitted by the Island Regulatory and Appeals Commission in accordance with the *Rental of Residential Property Act* and are not guaranteed. The estimated obligations for the next five years and beyond are:

Fiscal Year	Amount $
2016	823,600
2017	848,300
2018	873,800
2019	900,000
2020	927,000
Thereafter	1,573,800
	5,946,500

12. Financial Management

The Corporation is exposed to market, credit, and liquidity risk from its financial instruments. An analysis of these risks is provided below.

Market Risk

Market risk is comprised of three types: currency, interest, and price risk. The Corporation does not hold nor operate in foreign currency and thus market risk is derived from interest rate and price risk. Changes in interest rates, prices for goods, services, and rents significantly impact the Corporation and thus could increase the cost of operations and require increase funds from government. The risk is managed by participating in government purchasing, determining if maintenance is done internally or tendered, cost sharing operations with CMHC, and establishing long-term lease agreements and rent controlled by IRAC.

Credit Risk

The Corporation is exposed to credit risk with respect to accounts receivable and loans receivable. The Corporation mitigates this risk through a regular monitoring process. Credit risk is also mitigated due to the fact that the majority of the receivables are due from the Canada Mortgage and Housing Corporation.

12. Financial Management (continued...)

Liquidity Risk

The Corporation has contractual obligations and financial liabilities and, therefore, is exposed to liquidity risk. The Corporation manages its liquidity risk by maintaining adequate cash and credit facilities, by updating and reviewing multi-year cash flow projections on a regular and on an as needed basis, and by matching its long-term financing arrangements with its cash flow needs.

13. Related Party Transactions

These financial statements include the results of transactions with various provincial government controlled departments, agencies, and Crown corporations with which the Corporation is considered related. Transactions with related parties are settled at prevailing market prices under normal trade terms.

The Province of Prince Edward Island has assumed responsibility for certain operating costs that are shared with other departments such as property insurance, provincial portion of property tax, office facilities, management salaries, and benefits. These expenses are not reflected in the Corporation's financial statements.

The Province of Prince Edward Island employs all staff working within the Corporation and on an annual basis department allocations are made to the Corporation for its share of the salary and benefits.

14. Contingent Liabilities

The Corporation is subject to legal actions arising in the normal course of business. At March 31, 2015, there were no outstanding legal claims against the Corporation. Costs related to any outstanding claims are funded by the Prince Edward Island Self-Insurance and Risk Management Fund. The Fund provides general liability, errors and omissions, primary property, and crime insurance. The Fund is administered by the Province and responsibility for liabilities of the Fund is that of the Province.

15. Budgeted Figures

Budget figures have been provided for comparison purposes and have been derived from the estimates approved by the Legislative Assembly of the Province.

16. Prior Period Comparatives

Certain prior period comparatives have been restated to conform to the presentation format adopted in the current period.